



## Hunan Subnational Governance and Rural Public Service Delivery Program for Results (P172325)

EAST ASIA AND PACIFIC | China | Governance Global Practice | Requesting Unit: EACCF | Responsible Unit: EEAG1  
IBRD/IDA | Program-for-Results Financing | FY 2021 | Team Leader(s): Min Zhao, Kevin C. Chua

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**Program Development Objectives**

Program Development Objective (from Program Appraisal Document)

To enhance financing mechanisms for more equitable and efficient public service delivery of rural roads maintenance and compulsory education in the pilot counties and scale up selected practices across Hunan Province.

**Overall Ratings**

| Name                                 | Previous Rating                       | Current Rating                        |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Progress towards achievement of PDO  | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Satisfactory |
| Overall Implementation Progress (IP) | <input type="checkbox"/> Satisfactory | <input type="checkbox"/> Satisfactory |

**Implementation Status and Key Decisions**

More than midway through the operation, Hunan has continued to make notable progress:

- An enhanced subnational debt management system has been developed and used by all prefecture cities and 122 counties.
- Significant improvements have been made in the predictability of high-level government transfers and budget transparency.
- Condition of rural roads in the participating counties has been improved with adoption of rural roads asset management.[1]
- Result-based transfers for compulsory education have been adopted and implemented across all counties in Hunan.
- Transfer funds were allocated to counties based on their performance in compulsory education and rural roads maintenance in 2023, in accordance with the established financing mechanisms.
- Learning outcome assessments have been scaled up to all counties in Hunan since 2022.
- All eight pilot counties have been implementing public financial management (PFM) reforms according to their three-year fiscal reform action plan. Some counties made comprehensive progress in improving PFM performance.
- Hunan launched the preparation process for a new round of public expenditure financial accountability (PEFA) assessment in 2024. The Bank team provided training for lead assessors, as well as provincial and county-level officials who are to provide support for the 2024 PEFA assessment.

Moving forward, Hunan PMO and pilot counties will advance the work program, increase resource allocation to support the achievement of various tasks, and summarize results in a timely manner. The PMO is recommended to plan and advance various tasks in 2024 to ensure that the verification report submission, withdrawal reimbursement and fund appropriation are completed before the end of the year. The seventh implementation support mission is planned for May 2024.

**Data on Financial Performance****Disbursements (by loan)**












| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P172325 | IBRD-92000     | Effective | USD      | 200.00   | 200.00  | 0.00      | 104.82    | 86.80       | 55%         |

**Key Dates (by loan)**



| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P172325 | IBRD-92000     | Effective | 23-Feb-2021   | 08-Mar-2021  | 04-Jun-2021        | 31-May-2026        | 31-May-2026       |

**DLI Disbursement**

| DLI ID                     | DLI Type | Description                              | Coc | DLI Amount    | Achievement Status | Disbursed amount in Coc | Disbursement % for DLI   |
|----------------------------|----------|--|-----|---------------|--------------------|-------------------------|--|
| <b>Loan: IBRD92000-001</b> |          |  |     |               |                    |                         |  |
| 1.1.1                      | Regular  | IT module for record,monitor&analyz bond | EUR | 1,335,200.00  | Fully Achieved     | 1,335,200.00            |  100 %  |
| 1.1.2                      | Regular  | Regulation govern issuance&manage bond   | EUR | 1,001,400.00  | Fully Achieved     | 1,001,400.00            |  100 %  |
| 1.1.3                      | Regular  | early warning system&dashboard           | EUR | 1,001,400.00  | Not Achieved       | 0.00                    |  0 %    |
| 1.2                        | Regular  | #Counties with subnation debt manage sys | EUR | 13,352,000.00 | Partially Achieved | 3,338,000.00            |  25 %   |
| 2                          | Regular  | #Counties with Predictab of govern trans | EUR | 16,690,000.00 | Not Achieved       | 0.00                    |  0 %    |
| 3.1                        | Regular  | Regulation Bg transpar,open Bg proto&FB  | EUR | 3,338,000.00  | Partially Achieved | 2,002,800.00            |  60 %  |
| 3.2                        | Regular  | #Counties with increas Bg transpar&engag | EUR | 13,352,000.00 | Partially Achieved | 6,676,000.00            |  50 % |
| 4                          | Regular  | #Counties adopt road asset manage system | EUR | 25,035,000.00 | Partially Achieved | 12,517,500.00           |  50 % |
| 5                          | Regular  | Result-based Bg trans for roads mainten  | EUR | 33,380,000.00 | Partially Achieved | 11,683,000.00           |  35 % |
| 6                          | Regular  | Result-based Bg trans for computu edu    | EUR | 33,380,000.00 | Partially Achieved | 11,683,000.00           |  35 % |
| 7                          | Regular  | comprehens evalua sys for computu edu    | EUR | 25,035,000.00 | Partially Achieved | 2,503,500.00            |  10 % |

**Program Action Plan**

|                               |  |                                |               |                     |               |
|-------------------------------|--|--------------------------------|---------------|---------------------|---------------|
| <b>Action Description</b>     | Hunan Province shall provide guidance and ensure that the 8 pilot counties develop and implement a PFM reform plan based on the findings from PEFA assessments conducted in 2020.  |                                |               |                     |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b>          | <b>Timing</b> | <b>Timing Value</b> | <b>Status</b> |
| Technical                     |  | Hunan DOF and 8 pilot counties | Due Date      | 30-Jun-2021         | Completed     |
| <b>Completion Measurement</b> | 8 pilot counties submit their reform action plans to the Provincial DOF. The progress and findings of the reform action plan implementation shall be included in the semi-annual program report.   |                                |               |                     |               |
| <b>Comments</b>               | The PDOF continued to collect information on the progress of annual financial management reforms in the eight pilot counties and cities.<br>All eight pilot counties and cities continue to implement the three-year reform action plan. |                                |               |                     |               |



|                               |  |                                |               |                     |               |
|-------------------------------|--|--------------------------------|---------------|---------------------|---------------|
| <b>Action Description</b>     | Hunan Province shall carry out a PEFA Assessment for the 8 pilot counties in 2024.   |                                |               |                     |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b>          | <b>Timing</b> | <b>Timing Value</b> | <b>Status</b> |
| Technical                     |  | Hunan DOF and 8 pilot counties | Due Date      | 30-Jun-2024         | Not Yet Due   |
| <b>Completion Measurement</b> | PEFA assessment reports are produced and received the PEFA check endorsement of PEFA Secretariat.  |                                |               |                     |               |
| <b>Comments</b>               | Not due. A new round of PEFA assessment training has been organized.<br>Preliminary planning and preparation have been made for the PEFA assessment in 2024, and the person in charge of the assessment has been designated. |                                |               |                     |               |

|                               |  |                       |               |                            |               |
|-------------------------------|--|-----------------------|---------------|----------------------------|---------------|
| <b>Action Description</b>     | Hunan Province shall track the annual performance of HLG transfer predictability of 8 pilot counties and shall organize a training/peer learning event related to HLG transfer predictability once a year. |                       |               |                            |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>        | <b>Status</b> |
| Technical                     |  | Hunan DOF             | Other         | Annually, starting in 2021 | In Progress   |
| <b>Completion Measurement</b> | PDOF prepares a report summarizing the predictability of HLG transfer in 8 counties and at least one event is organized.   |                       |               |                            |               |
| <b>Comments</b>               | On track. The 2022 and 2023 tasks have been completed.   |                       |               |                            |               |

|                               |   |                       |               |                            |               |
|-------------------------------|---|-----------------------|---------------|----------------------------|---------------|
| <b>Action Description</b>     | Pilot counties shall carry out at least one communication/public outreach activity to increase citizens' awareness and engage with them around the budget information published (e.g. dissemination of the citizens' budget). |                       |               |                            |               |
| <b>Source</b>                 | <b>DLI#</b>   | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>        | <b>Status</b> |
| Technical                     |   | 8 pilot counties      | Other         | Annually, starting in 2021 | In Progress   |
| <b>Completion Measurement</b> | At least one event is organized in each of 8 pilot counties.  |                       |               |                            |               |
| <b>Comments</b>               | On track. The 8 pilot counties have completed activities for 2022 and 2023.   |                       |               |                            |               |

|                               |  |                       |               |                            |               |
|-------------------------------|--|-----------------------|---------------|----------------------------|---------------|
| <b>Action Description</b>     | Pilot counties shall compile an annual comprehensive financial report of rural roads expenditures. |                       |               |                            |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>        | <b>Status</b> |
| Fiduciary Systems             |  | 8 pilot counties      | Other         | Annually, starting in 2021 | In Progress   |
| <b>Completion Measurement</b> | Reports are produced in a template agreed with the Bank.   |                       |               |                            |               |



|                 |   |
|-----------------|---|
| <b>Comments</b> | <p>On track. The 2022 financial statements have been prepared, audited by the Office of the Comptroller, and submitted to the Bank.</p> <p>A rectification report on the disclosures in the 2022 audit report was submitted to the World Bank on December 18, 2023.</p> |
|-----------------|---|

|                               |  |                       |               |   |               |
|-------------------------------|--|-----------------------|---------------|---|---------------|
| <b>Action Description</b>     | Hunan Province shall produce an annual capacity building plan and biannual progress report monitoring its implementation.                |                       |               |   |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>   | <b>Status</b> |
| Other                         |  | Hunan PMO             | Other         | Capacity building plan shall be produced by January in each year starting in 2021; Biannual progress report shall be produced twice a year by August and February | In Progress   |
| <b>Completion Measurement</b> | Annual plans and progress reports are submitted to the Bank.   |                       |               |   |               |
| <b>Comments</b>               | Progress reports and capacity building plan completion reports for the first half of 2023 have been completed and submitted to the Bank. |                       |               |   |               |

|                               |  |                       |               |                     |               |
|-------------------------------|--|-----------------------|---------------|---------------------|---------------|
| <b>Action Description</b>     | Hunan Province shall document and evaluate pilot practices and recommend options for scaling up and submits to the Program steering committee for endorsement. |                       |               |                     |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b> | <b>Status</b> |
| Technical                     |  | Hunan PMO             | Due Date      | 30-Jun-2023         | Completed     |
| <b>Completion Measurement</b> | A mid-term program evaluation report on pilot practices and recommendations for scaling up is submitted to the Bank.   |                       |               |                     |               |
| <b>Comments</b>               | Report was submitted to the World Bank on time.  |                       |               |                     |               |

|                               |  |                       |               |                                      |               |
|-------------------------------|--|-----------------------|---------------|--------------------------------------|---------------|
| <b>Action Description</b>     | Hunan Province issue an official instruction that no contract will be awarded to a firm or individual in the debarred list or under temporary suspension. and inform the Bank of any credible and material allegations of fraud and corruption issues. |                       |               |                                      |               |
| <b>Source</b>                 | <b>DLI#</b>  | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>                  | <b>Status</b> |
| Fiduciary Systems             |  | Hunan PMO             | Other         | no later than the loan effectiveness | Completed     |
| <b>Completion Measurement</b> | Provincial Notification is issued and provided to the Bank   |                       |               |                                      |               |
| <b>Comments</b>               | This action plan has been completed  |                       |               |                                      |               |



|  |  |
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|                                  |  |                                |               |  |               |
|----------------------------------|--|--------------------------------|---------------|--|---------------|
| <b>Action Description</b>        | Hunan Province shall develop a Community Engagement Manual (to be integrated into the Program Implementation Manual) and ensure that the 8 pilot counties implement this manual in rural road and compulsory education sectors.                              |                                |               |  |               |
| <b>Source</b>                    | <b>DLI#</b>  | <b>Responsibility</b>          | <b>Timing</b> | <b>Timing Value</b>  | <b>Status</b> |
| Environmental and Social Systems |  | Hunan PMO and 8 pilot counties | Other         | A manual is issued no later than the loan effectiveness. Formal Training will be provided to 8 pilot counties twice in the first year and once a year in subsequent years. | In Progress   |
| <b>Completion Measurement</b>    | A manual (including a training and implementation plan) to the satisfaction of the Bank is integrated into the PIM and submitted to the Bank;<br>The progress and findings of the manual implementation shall be included in the semi-annual program report. |                                |               |  |               |
| <b>Comments</b>                  | On track.  |                                |               |  |               |

|                                  |   |                       |               |   |               |
|----------------------------------|---|-----------------------|---------------|---|---------------|
| <b>Action Description</b>        | Hunan Province shall establish and maintain an environmental and social internal supervision and reporting mechanism.   |                       |               |   |               |
| <b>Source</b>                    | <b>DLI#</b>   | <b>Responsibility</b> | <b>Timing</b> | <b>Timing Value</b>   | <b>Status</b> |
| Environmental and Social Systems |   | Hunan PMO             | Other         | Hunan PMO appoints a full-time qualified and experienced E&S expert upon program effectiveness; Each county PMOs appoint at least one E&S focal-point within three months of effectiveness; | In Progress   |
| <b>Completion Measurement</b>    | Provincial E&S expert appointed; County E&S focal-point appointed;<br>Supervision and reporting mechanism is documented in the PIM;<br>Program's E&S performance is included in the semi-annual program report.   |                       |               |   |               |
| <b>Comments</b>                  | On track. An environmental & social management mechanism at the provincial and municipal levels has been established. All management personnel are in place, and a total of 1.02 million yuan will be spent on environmental and social management in 2023. |                       |               |   |               |

**Risks**

**Systematic Operations Risk-rating Tool**



| Risk Category  | Rating at Approval | Previous Rating | Current Rating |
|--|--------------------|-----------------|----------------|
| Political and Governance                                     | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Macroeconomic  | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Sector Strategies and Policies                               | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Technical Design of Project or Program                       | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Institutional Capacity for Implementation and Sustainability | ☐ Substantial      | ☐ Substantial   | ☐ Substantial  |
| Fiduciary  | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Environment and Social                                       | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Stakeholders   | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |
| Other  | --                 | --              | --             |
| Overall  | ☐ Moderate         | ☐ Moderate      | ☐ Moderate     |

Comments  
no change in ratings.

### Results

#### PDO Indicators by Objectives / Outcomes

| Strengthened fiscal management system   |  |                   |                  |             |
|---|--|-------------------|------------------|-------------|
| ▶ Sum of three PEFA indicator scores in pilot counties 1) Debt Management (PI-13); 2) predictability of HLG transfers (HLG-1); 3) Public Access to Fiscal Information (PI-9) (Number, Custom) |  |                   |                  |             |
|   | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 4.63   | 7.06              | 7.06             | 7.00        |
| Date  | 31-Dec-2019  | 31-May-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments  | This indicator focuses on tracking the PFM performance in 8 pilot counties in three areas including debt management, predictability of HLG transfer and fiscal transparency. It is measured by the sum of the three PEFA indicator scores – PI-13 on debt management, HLG-1 on predictability of transfer from HLG, and PI-9 on public access to fiscal information. |                   |                  |             |
| Improved delivery of rural services   |  |                   |                  |             |
| ▶ Percentage of rural roads in or above fair condition: a) county roads (Percentage, Custom)  |  |                   |                  |             |
|   | Baseline   | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 63.50  | 93.83             | 93.83            | 73.50       |
| Date  | 31-Dec-2019  | 31-May-2023       | 31-Dec-2023      | 01-Dec-2023 |
| Comments  | This indicator tracks the performance of roads maintenance in the pilot counties. As MOT issued a Low-Class Rural Highway Performance Assessment Guide in December 2021, which led to significant changes  |                   |                  |             |



|  |   |                   |                  |             |
|--|---|-------------------|------------------|-------------|
| of road condition assessment results in 2022 and made the assessment results not comparable with the baseline. PDOT has agreed to do additional work to make the assessment results match the Bank's standard. |   |                   |                  |             |
| <b>► b) township roads (Percentage, Custom)</b>  |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 30.47   | 92.77             | 92.77            | 40.50       |
| Date   | 31-Dec-2019   | 31-May-2023       | 31-Dec-2023      | 01-Dec-2023 |
| Comments   | As MOT issued a Low-Class Rural Highway Performance Assessment Guide in December 2021, which led to significant changes of road condition assessment results in 2022 and made the assessment results not comparable with the baseline. PDOT has agreed to do additional work to make the assessment results match the Bank's standard.  |                   |                  |             |
| <b>► Number of pilot counties with within-county disparity in learning conditions among schools above national thresholds (Percentage, Custom)</b>   |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 3.00  | 3.00              | 3.00             | 0.00        |
| Date   | 31-Dec-2019   | 31-May-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments   | This indicator tracks the performance of pilot counties in reducing within-county disparity in learning conditions among schools for compulsory education. The disparity is measured by a composite index that is the weighted average of variance coefficients of seven key indicators including area of teaching space per student, area of sporting space per student, possession of teaching equipment per student (by value), number of qualified teachers per 100 students, number of classrooms with remote learning facilities per 100 students, number of music and art teachers per 100 students, number of core teachers per 100 students. |                   |                  |             |
| <b>Scaled impact</b>   |   |                   |                  |             |
| <b>► Number of DLI practices scaled to the whole Hunan province (Number, Custom)</b>   |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 0.00  | 3.00              | 3.00             | 4.00        |
| Date   | 31-Dec-2019   | 31-May-2023       | 31-Dec-2023      | 01-Dec-2023 |
| Comments   | This indicator focuses on tracking the wider impact of this Operation. It tracks the number of DLI practices that are scaled to the whole Hunan province out of total 7 DLIs.   |                   |                  |             |

**Intermediate Results Indicators by Results Areas**

|   |             |                   |                  |             |
|---|-------------|-------------------|------------------|-------------|
| Strengthened institutions for intergovernmental fiscal management, transparency and accountability.   |             |                   |                  |             |
| <b>► Development of a more comprehensive provincial debt management system and number of pilot counties with enhanced subnational debt management system (Number, Custom)</b> |             |                   |                  |             |
|   | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00        | 8.00              | 8.00             | 8.00        |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 31-Dec-2024 |



|   |   |                   |                  |             |
|---|---|-------------------|------------------|-------------|
| Comments  | This indicator tracks the development of a comprehensive debt management system by Hunan province and its rollout in 8 pilot counties for debt recording and accounting. It also tracks the number of pilot counties that have enhanced debt management system.   |                   |                  |             |
| <b>► Improved score of PEFA indicator PI-13 on debt management (Number, Custom)</b>   |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 2.50  | 3.00              | 3.00             | 3.00        |
| Date  | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments  | This indicator focuses on tracking the improvement in debt management in 8 pilot counties. It is assessed by the average numerical score of PEFA indicator PI-13 debt management in 8 pilot counties.   |                   |                  |             |
| <b>► Number of pilot counties that have achieved more predictability of HLG transfers (Number, Custom)</b>  |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00  | 5.00              | 5.00             | 4.00        |
| Date  | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments  | This indicator tracks the number of pilot counties that have achieved high predictability of HLG transfer by 2024. The index of predictability of HLG transfer is measured by the actual received HLG transfer reported in the budget execution report as a percentage of the HLG transfer projected in the year-beginning budget plan. A county is recognized as having achieved high predictability of HLG transfer if this index result falls between 94 and 130 percent in 2 out of 3 years in 2021-2023. |                   |                  |             |
| <b>► Adoption of provincial regulation on budget transparency, Open Budget Protocols and citizens' feedback mechanism and number of pilot counties have increased budget transparency and citizen engagement (Number, Custom)</b> |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00  | 8.00              | 8.00             | 8.00        |
| Date  | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments  | This indicator tracks the issuance of the provincial regulations on budget transparency, open budget protocols and citizens' feedback mechanism and the number of pilot counties that have increased budget transparency and citizen engagement.  |                   |                  |             |
| <b>► Number of pilot counties conducting annual citizen consultation at the time of producing citizen budget per year (Number, Custom)</b>  |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 0.00  | 8.00              | 8.00             | 8.00        |
| Date  | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 31-Dec-2024 |
| Comments  | This indicator tracks the number of pilot counties that have conducted annual consultation of citizen budget at the time preparing citizen's budget   |                   |                  |             |
| <b>► Number of people visiting the eight pilot counties' open budget data portal (Number, Custom)</b>   |   |                   |                  |             |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value   | 292,130.00  | 411,391.00        | 454,718.00       | 409,000.00  |
| Date  | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |





|          |   |  |  |  |
|----------|---|--|--|--|
| Comments | This indicator tracks the improvement in citizen engagement as measured by the number of people visiting 8 pilot counties' open budget data portal and accessing budget information released. |  |  |  |
|----------|---|--|--|--|

Performance-Based Financing and Quality Rural Services.

► Number of the pilot counties adopting a road asset management system which integrates climate resilience and road safety (Number, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | 0.00        | 8.00              | 8.00             | 8.00        |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |

Comments This indicator tracks the establishment and implementation of road asset management system with integration of climate resilience and road safety assessment and monitoring for rural roads in the pilot counties. Progressive DLIs are defined for each year from 2021 to 2024.

► Adoption of result-based budget transfers for rural roads maintenance (Text, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | none        | yes               | yes              | yes         |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |

Comments This indicator tracks the establishment and implementation of result-based budget transfers to the pilot counties for rural roads maintenance work by Hunan provincial government.

► Monitoring the climate resilience and safety performance of the rural roads network (Text, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | none        | yes               | yes              | yes         |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |

Comments This indicator measures the establishment of assessment system and the monitoring of climate resilience and safety performance of the rural roads network in the pilot counties

► Adoption of a result-based budget transfer for compulsory education (Text, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | none        | yes               | yes              | yes         |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |

Comments This indicator tracks the adoption of result-based budget transfers for compulsory education by Hunan provincial government.

► Adoption of a comprehensive evaluation system for compulsory education (Text, Custom)

|       | Baseline    | Actual (Previous) | Actual (Current) | End Target  |
|-------|-------------|-------------------|------------------|-------------|
| Value | none        | yes               | yes              | yes         |
| Date  | 31-Dec-2019 | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |

Comments This indicator tracks key milestones in adopting comprehensive evaluation for compulsory education as measured by progressive DLRs for each year of 2021-2024.



|  |   |                   |                  |             |
|--|---|-------------------|------------------|-------------|
| <b>► Monitoring sex-disaggregated students learning outcome for compulsory education (Text, Custom)</b>                                  |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | none  | yes               | yes              | yes         |
| Date   | 30-Jun-2021   | 30-Jun-2023       | 31-Dec-2023      | 31-Dec-2024 |
| Comments   | This indicator tracks the adoption of sex-disaggregated data collection system to monitor the learning outcome by gender in 8 pilot counties.   |                   |                  |             |
| <b>► Number of pilot counties with core teachers per one hundred students below national threshold (Number, Custom)</b>                  |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | 5.00  | 4.00              | 4.00             | 0.00        |
| Date   | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments   | This indicator tracks key milestones in improving better teaching and school management as measured by progressive qualification and deployment of teachers for each year of 2021-2024.   |                   |                  |             |
| <b>► Mid-Term program evaluation report to document and evaluate pilot practices and recommend options for scaling up (Text, Custom)</b> |   |                   |                  |             |
|  | Baseline  | Actual (Previous) | Actual (Current) | End Target  |
| Value  | none  | yes               | yes              | yes         |
| Date   | 31-Dec-2019   | 30-Jun-2023       | 31-Dec-2023      | 30-Jun-2024 |
| Comments   | This indicator tracks the delivery of an evaluation report to the Provincial leadership that documents the evaluation results of the pilot practices supported under this operation and recommends options for scaling up to the rest of Hunan. |                   |                  |             |

**Disbursement Linked Indicators**

|   |  |  |  |                                |
|---|--|--|--|--------------------------------|
| <b>► DLI 1 Development of a provincial comprehensive debt management system and number of pilot counties with enhanced subnational debt management system (Intermediate Outcome, 20,000,000.00, 0%)</b> |  |  |  |                                |
|   | Baseline   | Actual (Previous)  | Actual (Current)   | 2024                           |
| Value   | Lack of a comprehensive debt management system for debt recording, monitoring and management | The PDOF has designed and set up a comprehensive debt management system and rolled out the debt management system in 14 prefecture cities covering more than 100 counties. The system collects detailed information on debt-financed projects, including loan terms. There are concrete plans to integrate the full lifecycle management of debt-financed projects into the debt management system. Although the statistical | The PDOF has designed and set up a comprehensive debt management system and rolled out the debt management system in 14 prefecture cities covering more than 100 counties. The system collects detailed information on debt-financed projects, including loan terms. Further progress was made to enhance the system's workflow process, effectiveness, and user-friendliness. | combination of DLI 1.1 and 1.2 |



|  |  |   |  |           |
|--|--|---|--|-----------|
|  |  | analysis and early warning module are currently under development, there has been a slight delay in their implementation. Despite this, the direction of actions and measures taken towards the debt management system is highly encouraging, though there is still room for further improvement.   |  |           |
| Date   | --   | 31-May-2023   | 31-Dec-2023  | --        |
| <b>Comments</b>  | Implementation of DLI#1 has fallen behind schedule, despite further progress being made. The requirement of the central Ministry of Finance to integrate the debt management system to the integrated public financial management information system has caused delays in the development of early warning module.                         |   |  |           |
| <input type="checkbox"/> DLI 1.1 Development of a provincial comprehensive debt management system (Intermediate Outcome, 4,000,000.00, 0%)<br>Unit of Measure: Text<br>Indicator Type: |  |   |  |           |
|  | Baseline   | Actual (Previous)   | Actual (Current)   | 2024      |
| Value  | Current debt management system does not cover commercial liabilities related to leveraged project bonds  | The PDOF has designed and set up a comprehensive debt management system, which collects detailed information on debt-financed projects, including loan terms. There are concrete plans to integrate the full lifecycle management of debt-financed projects into the debt management system. Although the statistical analysis and early warning module are currently under development, there has been a slight delay in their implementation. Despite this, the direction of actions and measures taken towards the debt management system is highly encouraging, though there is still room for further improvement. | The PDOF has designed and set up a comprehensive debt management system and rolled out the debt management system in 14 prefecture cities covering more than 100 counties. The system collects detailed information on debt-financed projects, including loan terms. Further progress was made to enhance the system's workflow process, effectiveness, and user-friendliness. | no result |
| Date   | --   | 31-May-2023   | 31-Dec-2023  | --        |
| <b>Comments</b>  | Results of DLI#1.1 have been achieved. However, the results for year 2022 and 2023 have fallend behind schedule. The requirement of the central Ministry of Finance to integrate the debt management system to the integrated public financial management information system has caused delays in the development of early warning module. |   |  |           |



□ DLI 1.2 Number of pilot counties with enhanced subnational debt management system (Intermediate Outcome, 16,000,000.00, 0%)

Unit of Measure: Text  
Indicator Type:

|          | Baseline   | Actual (Previous)  | Actual (Current)  | 2024  |
|----------|--|--|---|---|
| Value    | none   | The debt management system has been rolled out to all prefectural cities and 122 counties in Hunan. The eight project counties have prepared a draft debt report/strategy using the template provided by the Bank team. To further enhance the effectiveness of the system, the PDOF is currently in the process of recruiting consultants who will provide support to the counties in conducting a debt sustainability analysis (DSA) to identify debt vulnerabilities. | The debt management system has been rolled out to all prefectural cities and 122 counties in Hunan. The eight project counties have prepared a draft debt report/strategy using the template provided by the Bank team. However, the requirement of the central Ministry of Finance to integrate the debt management system to the integrated public financial management information system has caused delays in its implementation and held up the pilot counties' preparation of their debt management strategy. | 8 pilot counties have prepared an annual debt performance report and a rolling medium-term debt management strategy |
| Date     | --   | 31-May-2023  | 31-Dec-2023   | --  |
| Comments | Results of DLI#1.2 for year 2021 have been achieved. |  |   |   |

► DLI 2 Number of pilot counties have achieved high predictability of HLG transfers (Intermediate Outcome, 20,000,000.00, 0%)

|          | Baseline  | Actual (Previous) | Actual (Current) | 2024 |
|----------|---|-------------------|------------------|------|
| Value    | 0.00  | 5.00              | 5.00             | 4.00 |
| Date     | --  | 31-May-2023       | 31-Dec-2023      | --   |
| Comments | Implementation of DLI#2 is on track. Result has been achieved one year ahead of schedule. |                   |                  |      |

► DLI 3 Adoption of provincial regulation on budget transparency, Open Budget Protocols and citizen's feedback mechanism and number of pilot counties have increased budget transparency and citizen engagement (Intermediate Outcome, 20,000,000.00, 0%)

|       | Baseline  | Actual (Previous)   | Actual (Current)  | 2024                           |
|-------|---|---|---|--------------------------------|
| Value | lack of provincial regulation on budget transparency and open budget protocols and budget transparency at county level is low | The provincial government and the eight pilot counties have successfully published the citizen budget for | The provincial government and the eight pilot counties have successfully published the citizen budget for 2023, | combination of DLI 3.1 and 3.2 |



|  |  |   |  |   |
|--|--|---|--|---|
|  |  | <p>2023, making it available through various channels such as the government's official website, newspapers, and popular media platforms like WeChat. The positive practices that were piloted in this PforR initiative have been institutionalized and expanded to encompass the entire province. However, despite the efforts made to enhance citizen awareness of the government budget and improve accessibility to the citizen budget, the number of comments and feedback received from citizens remains limited.</p> | <p>making it available through various channels such as the government's official website, newspapers, and popular media platforms like WeChat. The positive practices that were piloted in this PforR initiative have been institutionalized and expanded to encompass the entire province. The pilot counties have made great efforts to raise citizen awareness of the government budget and make the citizen budget more accessible.</p> |   |
| Date   | --   | 31-May-2023   | 31-Dec-2023  | --  |
| <b>Comments</b>  | Results of DLI#3 for year 2023 have been achieved and verified.  |   |  |   |
| <p>□DLI 3.1 Adoption of provincial regulation on budget transparency, Open Budget Protocols and citizens' feedback mechanism and publication of provincial citizens' budget (Intermediate Outcome, 4,000,000.00, 0%)</p> <p>Unit of Measure: Text</p> <p>Indicator Type:</p> |  |   |  |   |
|  | Baseline   | Actual (Previous)   | Actual (Current)   | 2024  |
| Value  | <p>lack of provincial regulation on budget transparency and open budget protocols; Hunan Province has established a functional citizens' feedback mechanism, but the citizen budget was not published at the provincial public centralized budget portal</p> | <p>Hunan Province has adopted the regulation on budget transparency and Open Budget Protocols. Hunan DOF prepared the citizens' budget for 2023 and released it on their homepage in an easy-to-find manner, together with the websites of budget information disclosure of the eight pilot counties. The PDOF also created a feedback column on the budget information disclosure webpage.</p>   | <p>Hunan Province has adopted the regulation on budget transparency and Open Budget Protocols. Hunan DOF prepared the citizens' budget for 2024 and released it on their homepage in an easy-to-find manner, together with the websites of budget information disclosure of the eight pilot counties. The PDOF also created a feedback column on the budget information disclosure webpage.</p>  | <p>Hunan Province has published the annual citizens' budget at the provincial government official website</p> |
| Date   | --   | 31-May-2023   | 31-Dec-2023  | --  |
| <b>Comments</b>  |  |   |  |   |
| <p>□DLI 3.2 Number of pilot counties with increased budget transparency and citizen engagement (Intermediate Outcome, 16,000,000.00, 0%)</p> <p>Unit of Measure: Text</p>  |  |   |  |   |



| Indicator Type: |  |   |   |  |
|-----------------|--|---|---|--|
|                 | Baseline   | Actual (Previous)   | Actual (Current)  | 2024   |
| Value           | Budget transparency at county level is low and lack of functional citizens' feedback mechanism | All eight pilot counties have published their budget according to the budget protocol developed by the PDOF and issued 2023 citizen budget. | All eight pilot counties have published their budget according to the budget protocol developed by the PDOF and published 2023 citizen budget online; and continued to maintaining a functional citizens' feedback mechanism. | 8 pilot counties have a) published annual budget information on the provincial public centralized budget portal in accordance with the regulations on budget transparency and Open Budget Protocols; b) published online the annual citizens' budget; and c) maintained a functional citizens' feedback mechanism. |
| Date            | --   | 31-May-2023   | 31-Dec-2023   | --   |
| <b>Comments</b> |  |   |   |  |

► DLI 4 Number of the pilot counties adopting a road asset management system integrating climate resilience and road safety (Output, 30,000,000.00, 0%)

|   | Baseline   | Actual (Previous)   | Actual (Current)  | 2024  |
|---|--|---|---|---|
| Value   | no county has comprehensive information on rural road assets or has adopted a road asset management system | The PDOT has issued a work plan for 2023 that outlines annual tasks, targets, implementation schedule, and responsible leaders, agencies, and staff. All project counties have developed their respective annual maintenance works plans accordingly which were submitted to the PDOT. By the first quarter of 2023, all counties have monitored the risks of climate and safety of rural roads . | The PDOT issued a template for the participating counties to develop and report level of service of rural roads, and the counties have drafted their annual reports in compliance with the template. All the counties have collected data related to culverts, retaining walls and guardrails; The counties monitored the risks of climate and safety of rural roads in 2023; and implementation of maintenance works plans of 2023 is ongoing. | 8 pilot counties have a) prepared a report on the annual level of service for rural roads, b) updated the digital inventory of rural road assets; c) monitored the climate resilience and road safety performance of rural roads network; d) developed an annual rural roads maintenance plan for CY 2024; and e) delivered at least 80 percent of the annual rural roads maintenance plan for CY 2024. |
| Date  | --   | 31-May-2023   | 31-Dec-2023   | --  |
| <b>Comments</b> Results of DLI#4 for year 2022 have been achieved and verified. |  |   |   |   |

► DLI 5 Adoption of result-based budget transfers for rural roads maintenance work (Output, 40,000,000.00, 0%)



|          | Baseline  | Actual (Previous)  | Actual (Current)   | 2024  |
|----------|---|--|--|---|
| Value    | Current budget transfer for rural roads maintenance work is based on length and classification of roads | The PDOT and the PDOF have jointly issued the result-based budget transfer policy, which has changed the allocation of the transfers for rural roads maintenance from project based to performance based. The PDOT and the PDOF have evaluated the results achieved by the counties in 2022 and transferred the first batch of funds based on the evaluation results in compliance with the result-based transfer policy. Overall, the counties have reported positive feedbacks on the policy, and there have been no major issues with its implementation. | The PDOT and the PDOF have jointly issued the result-based budget transfer policy, which has changed the allocation of the transfers for rural roads maintenance from project based to performance based. The PDOT and the PDOF have evaluated the results achieved by the counties in 2022 and transferred the funds based on the evaluation results in compliance with the result-based transfer policy. Evaluation of results achieved in 2023 is under preparation and expected to be completed in January 2024. | Hunan Province has made available to each of the Pilot Counties the annual allocation for rural road maintenance works through result-based budget transfers. |
| Date     | --  | 31-May-2023  | 31-Dec-2023  | --  |
| Comments | Results of DLI#5 for year 2022 have been achieved and verified.   |  |  |   |

► DLI 6 Adoption of result-based budget transfers for compulsory education (Output, 40,000,000.00, 0%)

|          | Baseline  | Actual (Previous)  | Actual (Current)   | 2024  |
|----------|---|--|--|---|
| Value    | The current transfer for compulsory education is one based on inputs. | The PDOF and PDOE have continued to allocate 1.386 billion CYN of the central transfer fund for lagging schools to all counties, following the new result-based mechanism. The result will undergo verification in the second half of this year. | In 2023, the PDOF and PDOE allocated the total amount of 1.75 billion CYN of the central transfer fund on lagging schools to all counties according to the new result-based mechanism. | Hunan has made available the annual Lagging School Funds to each of the Pilot Counties through Results-based Budget Transfers |
| Date     | --  | 31-May-2023  | 31-Dec-2023  | --  |
| Comments | Results of DLI#6 for year 2022 have been achieved and verified.       |  |  |   |

► DLI 7 Adoption of a comprehensive evaluation system for compulsory education (Output, 30,000,000.00, 0%)

|       | Baseline  | Actual (Previous)   | Actual (Current)   | 2024   |
|-------|---|---|--|--|
| Value | lack of comprehensive system for monitoring and evaluating county's performance in delivery of compulsory education | The implementation of DLI#7 has made progress, though behind the schedule. The PDOE has developed the | The PDOE has completed the development of IT-based monitoring system. The students' performance assessment | Hunan Province has completed an annual comprehensive evaluation of |



|          |    |  |   |                              |
|----------|----|--|---|------------------------------|
|          |    | <p>comprehensive evaluation system and IT based monitoring system, conducted trainings for eight counties to use the IT-based monitoring system for data collection, and completed pilot evaluation reports for two project counties. The PDOE will take the following steps: (1) revise the pilot reports and finalize the evaluation system and IT-based system by June 2023; (2) conduct comprehensive evaluation for the eight counties and produce comprehensive evaluation reports; and (3) acquire the 2022 students' performance assessment reports by October 2023.</p> | <p>was scaled up to all counties in Hunan in 2022 and the assessment reports were made available to Hunan DOE. The DOF conducted the comprehensive evaluation of CE in eight pilot counties per the comprehensive evaluation guideline and has completed the draft reports of 2 pilot counties.</p> | <p>compulsory education.</p> |
| Date     | -- | 31-May-2023  | 31-Dec-2023   | --                           |
| Comments |    |  |   |                              |